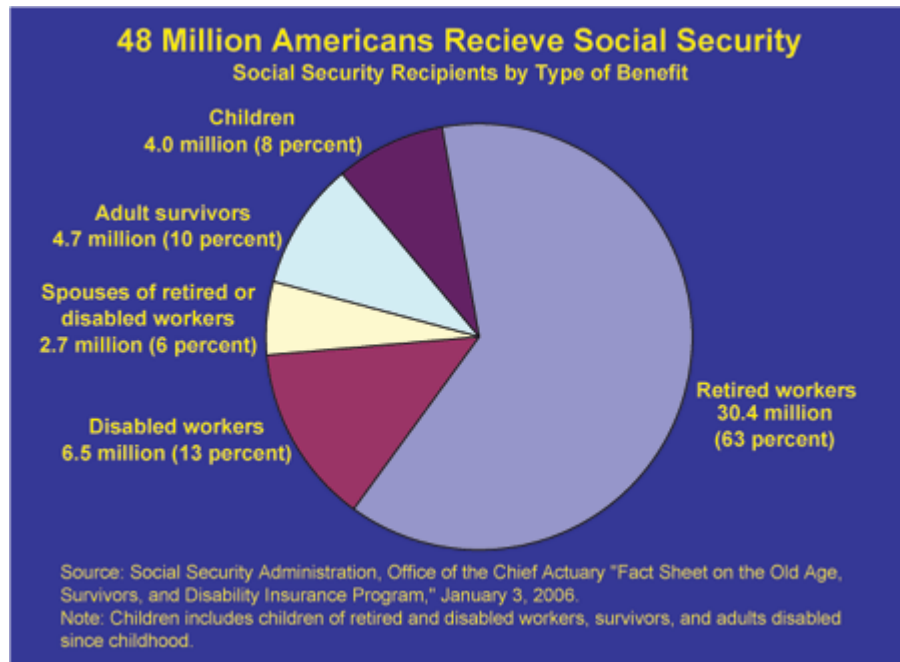


Joint Economic Committee Democrats

Social Security Charts

Chart 1.1

Last updated 1/23/06



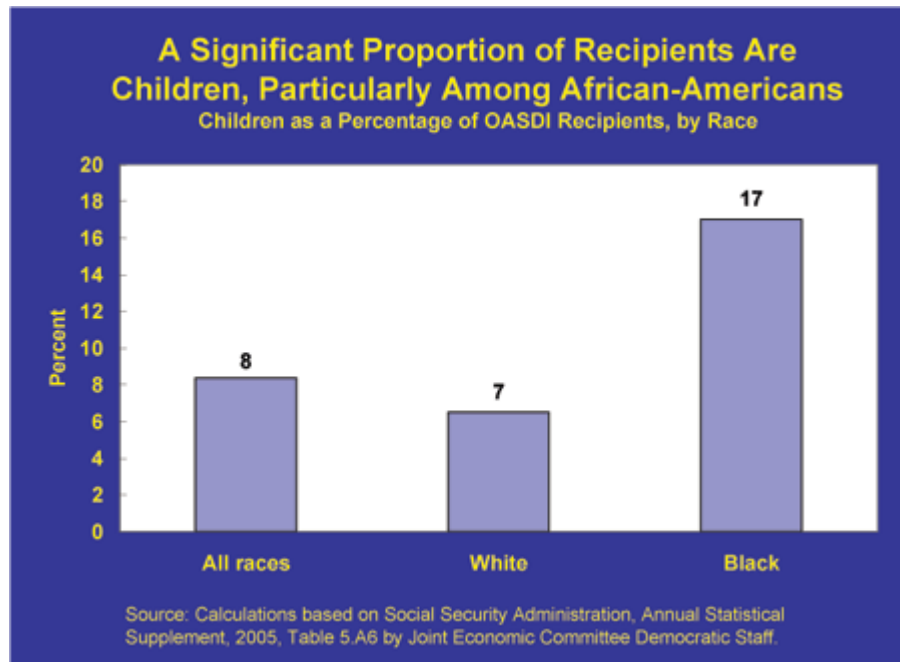
- 48 million people—about 1 in 6 Americans—receive Social Security benefits.
- Over one-third of Social Security recipients are not retired workers: they receive benefits either as a disabled worker or as the family member of a retired or disabled worker.
- Nearly 1 in 4 households has some income from Social Security.

Joint Economic Committee Democrats

Social Security Charts

Chart 1.2

Last updated 1/23/06



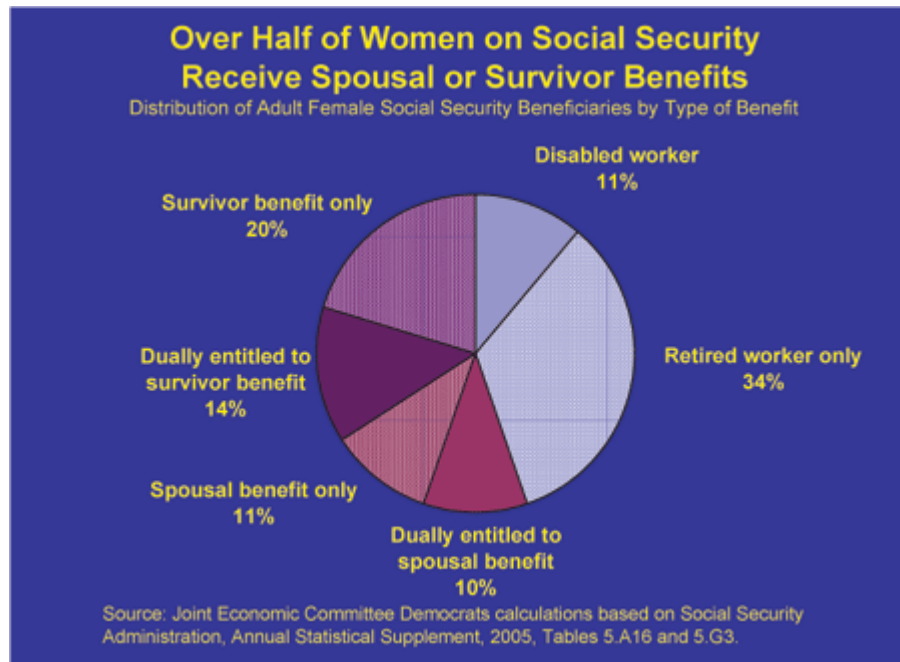
- About 8 percent of all beneficiaries receive benefits as the child of a retired, disabled or deceased worker.
- A larger proportion of black beneficiaries than white beneficiaries are children: 17 percent of black beneficiaries are children compared with 7 percent of white beneficiaries.

Joint Economic Committee Democrats

Social Security Charts

Chart 1.3

Last updated 1/23/06



- Social Security provides benefits not only to retired and disabled workers but also to the family members of workers who die, retire, or become disabled.
- Over half of female Social Security beneficiaries receive their benefits as the spouse or survivor of a retired or disabled worker. This figure includes women who are dually entitled, meaning that they qualify for a benefit based on their own work record as well as a benefit as the spouse or survivor of a retired or disabled worker. In contrast, the overwhelming majority of men (97 percent) receive their benefit as retired or disabled workers only, not as spouses or survivors.
- About 96 percent of the adults who receive benefits as the spouse or survivor of a retired or disabled worker are women.

Joint Economic Committee Democrats

Social Security Charts

Chart 2.1

Last updated 1/23/06



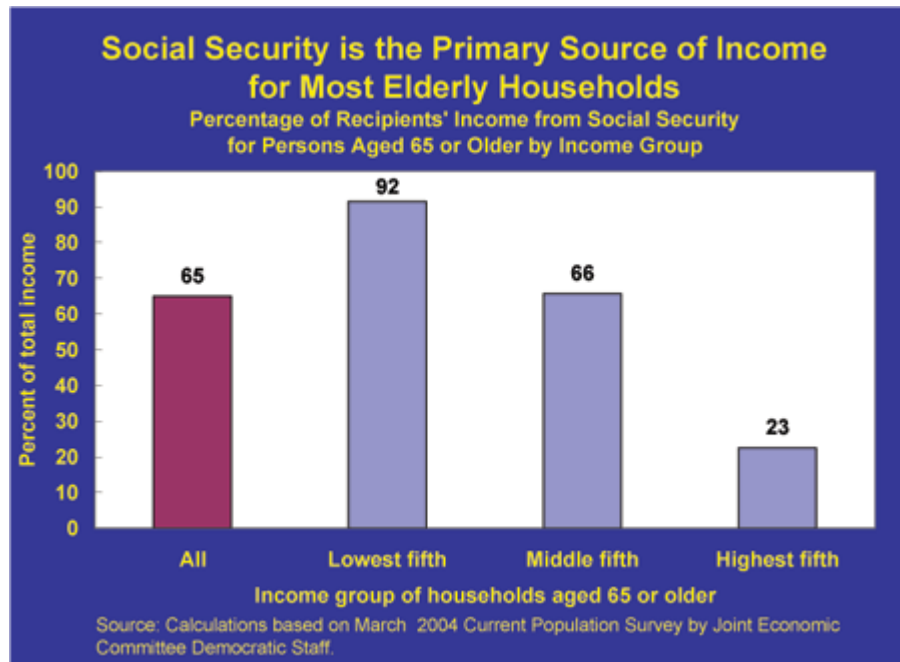
- As a result of Social Security's progressive benefit structure, lower earners receive larger benefits relative to their average lifetime earnings than do higher earners.
- For workers with very low earnings throughout their careers (about \$8,800 in 2005 dollars), Social Security will replace about 78 percent of average earnings.
- For high-earning workers making 60 percent more than the average earner throughout their careers (about \$56,300 in 2005 dollars), Social Security will replace about one-third of those earnings.
- Social Security tends to replace a larger share of the pre-retirement earnings of women than of men. For all workers reaching age 65 and retiring in 2005, Social Security is expected to replace 52 percent of the average earnings of women and 38 percent of the average earnings of men.

Joint Economic Committee Democrats

Social Security Charts

Chart 2.2

Last updated 1/23/06



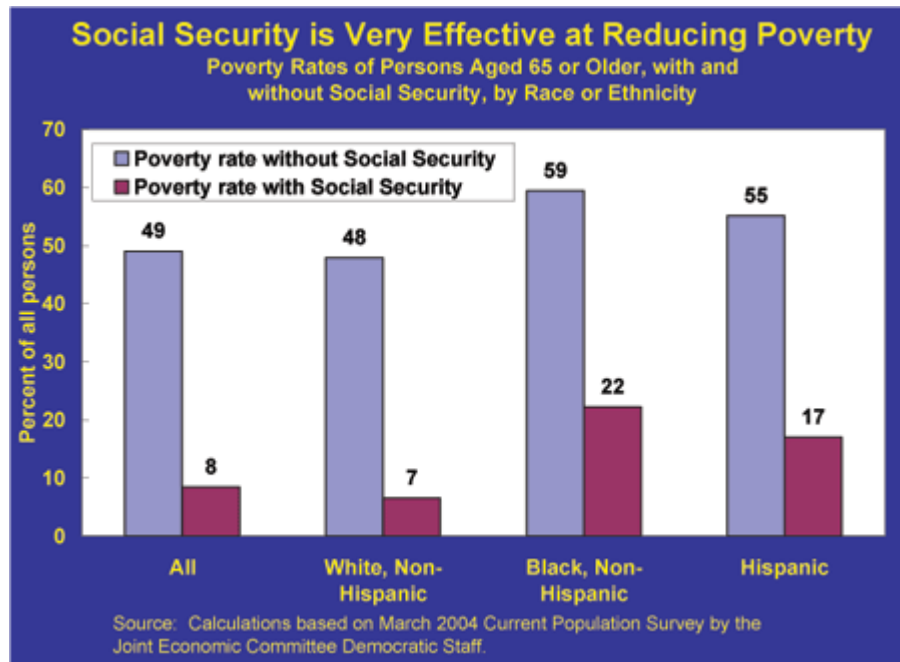
- On average, Social Security recipients aged 65 or older receive almost two-thirds of their income from Social Security.
- Income from Social Security is most important to individuals and couples with low incomes: on average, individuals and couples in the lowest 20 percent of the income distribution receive more than 90 percent of their income from Social Security.

Joint Economic Committee Democrats

Social Security Charts

Chart 2.3

Last updated 1/23/06



- Without Social Security, almost half of all people aged 65 or older would be poor.
- Social Security reduces the elderly poverty rate from 49 percent to 8 percent.
- Without Social Security, almost 60 percent of elderly blacks and 55 percent of elderly Hispanics would be poor.
- Even with Social Security, poverty is still a significant problem for elderly blacks and Hispanics: more than 1 in 5 blacks and 1 in 6 Hispanics aged 65 or older are poor.

Joint Economic Committee Democrats

Social Security Charts

Chart 3.1

Last updated 1/23/06

Estimates of Social Security's Solvency		
	Congressional Budget Office ¹	Social Security Administration ²
Solvency Measure		
Year when annual spending exceeds annual tax revenue, excluding interest income	2020	2017
Year when annual spending exceeds annual revenue, including interest income	2033	2027
Year when Trust Fund is no longer able to pay full benefits	2052	2041
Percentage of scheduled benefits Trust Fund is able to pay	78% in 2052	74% in 2041

¹Congressional Budget Office, *Updated Long-Term Projections for Social Security*, Mar. 2005.

²2005 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.

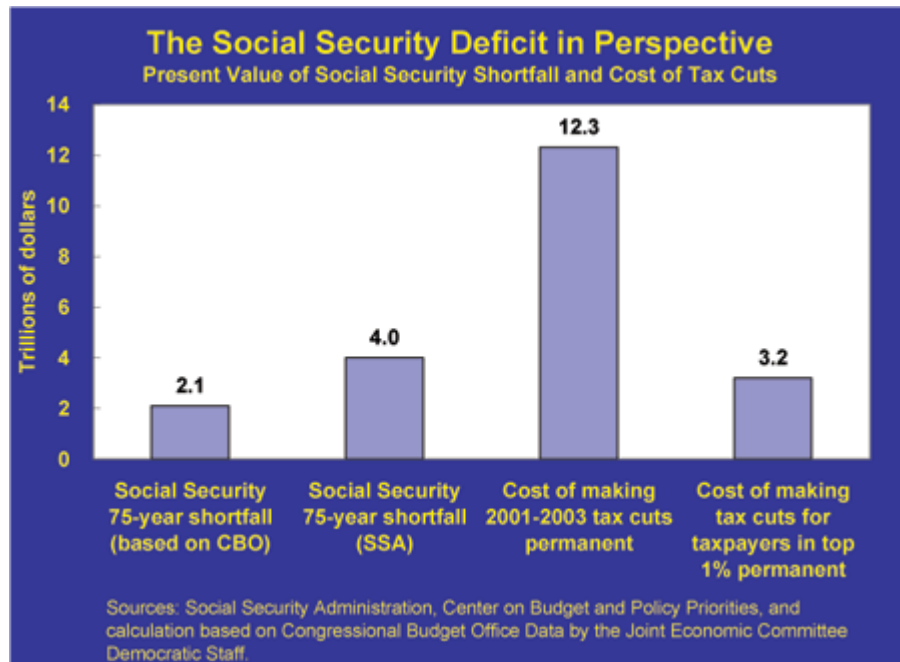
- The Congressional Budget Office and Social Security's Office of the Chief Actuary agree that Social Security can continue to pay full benefits for many years.
- Social Security expenditures will exceed dedicated tax revenue starting in 2017 (2020 according to CBO).
- The Social Security Trust Fund will be able to pay full benefits until 2041 (2052 according to CBO).
- Even after 2041/2052, Social Security will still be able to pay 70 to 80 percent of scheduled benefits from annual tax revenues.

Joint Economic Committee Democrats

Social Security Charts

Chart 3.2

Last updated 1/23/06



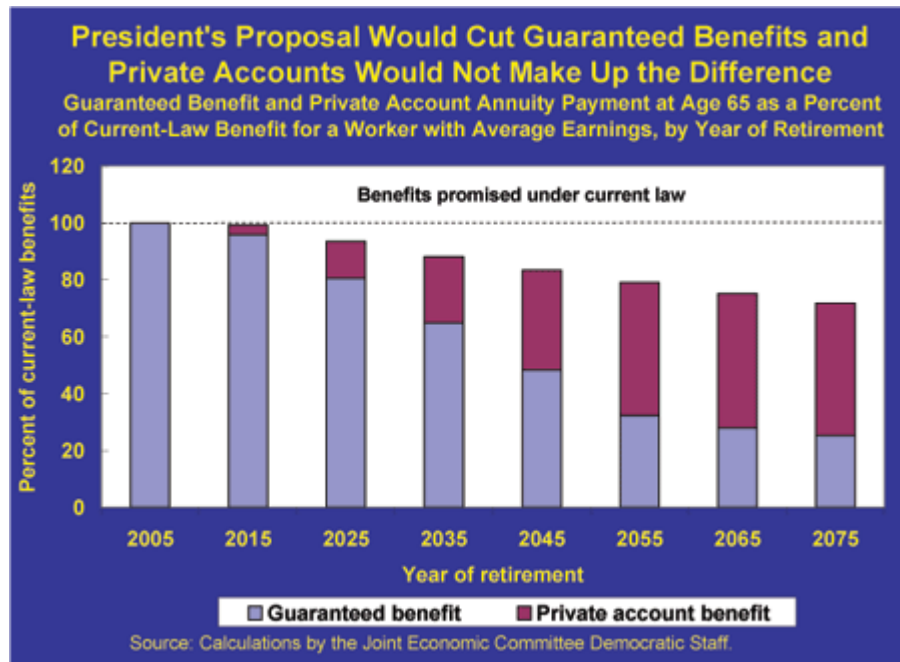
- The present value of the cumulative Social Security shortfall over the next 75 years is \$4.0 trillion (or 0.6 percent of cumulative GDP) according to the Social Security Trustees. It is \$2.1 trillion (0.4 percent of GDP) based on estimates from CBO. (The present value of the shortfall is the amount today that, with interest, could make up the difference between future Social Security expenditures and revenue from dedicated taxes and interest from the Trust Fund.)
- To put that in perspective, the 75-year cost of making the Administration's 2001-2003 tax cuts permanent is \$12.3 trillion (about 2 percent of GDP). That is three to five times the size of the Social Security shortfall.
- The Administration uses an estimate of \$11 trillion for the size of the shortfall. That is the Trustees' estimate over an infinite future. The American Academy of Actuaries has said that estimates over an infinite future are misleading and make the financial condition of Social Security appear worse than it is.

Joint Economic Committee Democrats

Social Security Charts

Chart 4.1

Last updated 1/23/06

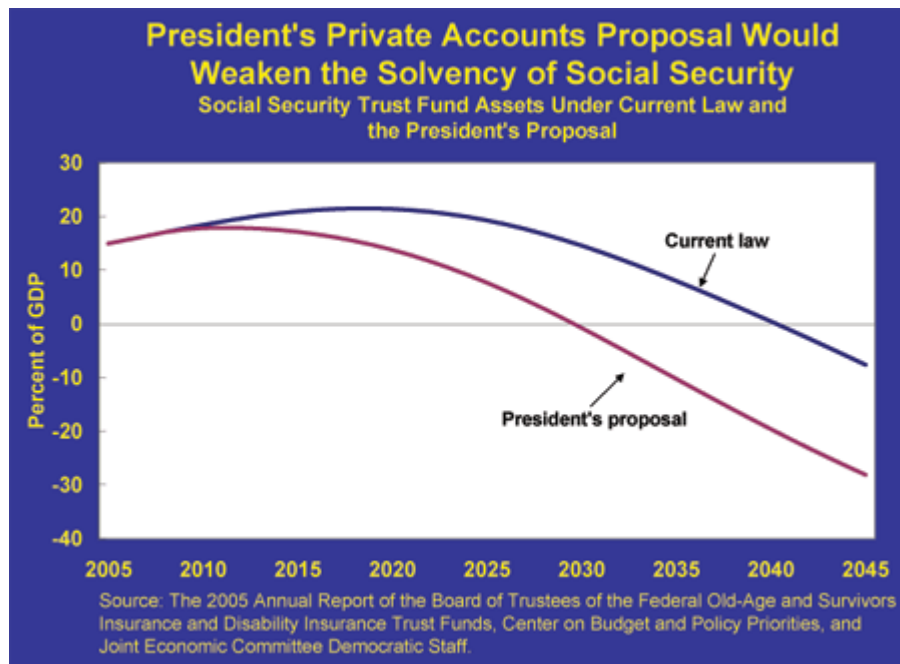


- The President's proposal would result in benefit cuts due to the change from wage-indexing to price-indexing of initial benefits.
- The benefit cuts would grow deeper over time.
- The distributions workers could expect from their private accounts would not make up the difference. Workers with average earnings who retire in 2075 would receive 28 percent less from the combination of their guaranteed benefit and the expected proceeds from their private account than they are promised under current law.
- For workers retiring in 2075, the portion of Social Security income that is guaranteed and not subject to investment risk would equal only 25 percent of the benefit promised under current law.

Joint Economic Committee Democrats Social Security Charts

Chart 4.2

Last updated 1/23/06



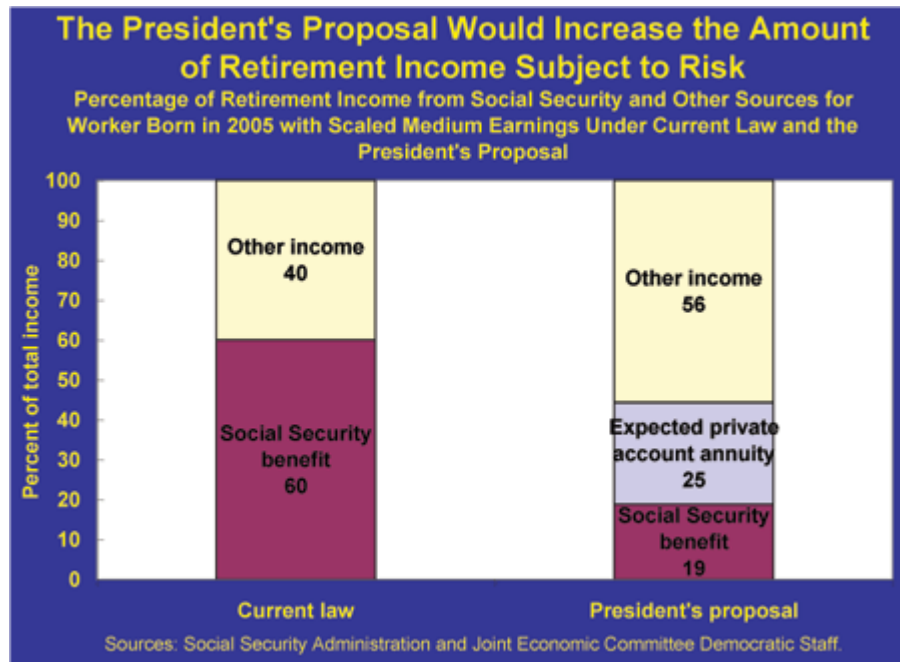
- The President's Social Security proposal would divert money away from traditional Social Security benefits into private accounts.
- In the short term, less money coming into Social Security would weaken the solvency of the Trust Funds.
- The Trust Funds would lose about \$4.9 trillion in assets in the first twenty years the proposal is in effect.
- The date the Trust Fund can no longer pay full benefits would occur about 11 years sooner, changing from 2041 to 2030.

Joint Economic Committee Democrats

Social Security Charts

Chart 4.3

Last updated 1/23/06

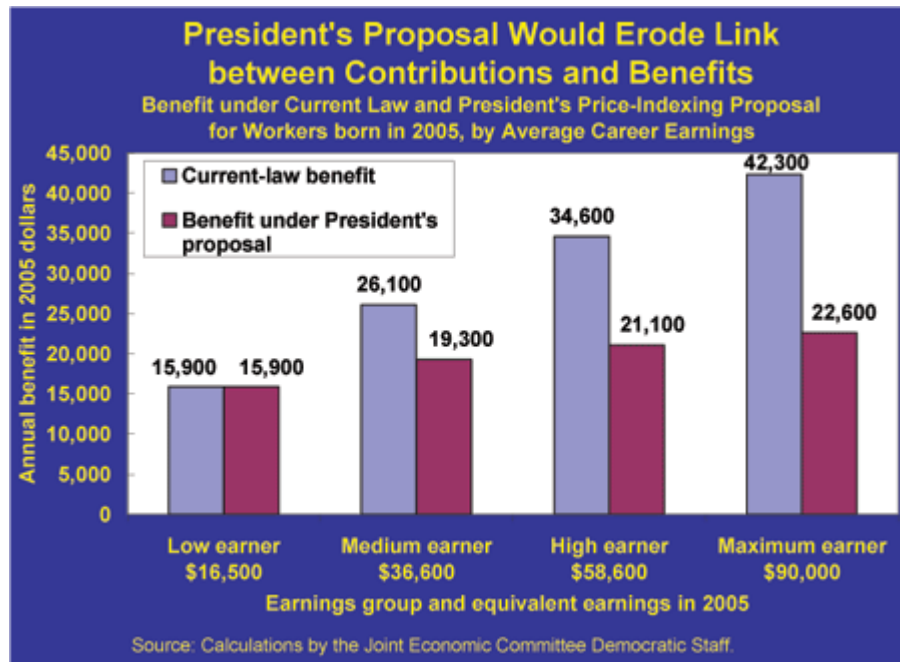


- Social Security provides workers with a guaranteed, predictable source of retirement income. On average, retired workers aged 65 or older receive about 60 percent of their income from Social Security. Only 40 percent of their retirement income comes from other sources and is subject to risks such as stock market returns, interest rate fluctuations, pension default or the risk of outliving one's assets.
- The President's proposal would greatly reduce the guaranteed benefit compared with what is scheduled under current law. As a result, retirees would have to rely on riskier sources of income to achieve any given standard of living in retirement. For example, the guaranteed Social Security benefit under the President's proposal for a worker born in 2005 with medium earnings (\$36,600 in 2005) would be only about a third of the scheduled benefit under current law. Other sources of income would have to be larger to achieve any given level of retirement income and those sources would be subject to risk.
- For workers born in 2005 who would have medium earnings and who would receive 60 percent of their retirement income from Social Security under current law, the cuts to guaranteed benefits under the President's proposal would mean that the guaranteed Social Security benefit would make up only 19 percent of that same income. The expected private account annuity, with all of its risks, would be 25 percent of that income and other sources would have to make up the remaining 56 percent. Thus, with the same total income, 81 percent of retirement income would be subject to financial market or pension default risk, compared with 40 percent under current law.

Joint Economic Committee Democrats Social Security Charts

Chart 4.4

Last updated 1/23/06



- The President's proposal to substitute price-indexing for wage-indexing of initial Social Security benefits would result in declining benefits in successive generations of retirees for all but low earners, compared with what is scheduled under current law.
- By the time workers born in 2005 retire in 2070, the benefit structure would flatten considerably: the highest-earning workers would have paid more than anyone else did into the system, but their benefits would be very close to those available to medium earners.
- The relationship between contributions and benefits—what many observers consider to be the cornerstone of the broad political support enjoyed by Social Security—would be nearly obliterated and would continue to erode over time.